



ECONOMIC INDICATORS

MARCH - APRIL 2002



REVIEW OF RECENT ECONOMIC DEVELOPMENTS

The first two months of 2002 brought definite signs that the California economy is turning a corner. Recently revised employment data and construction activity both indicate that the state's performance is picking up.

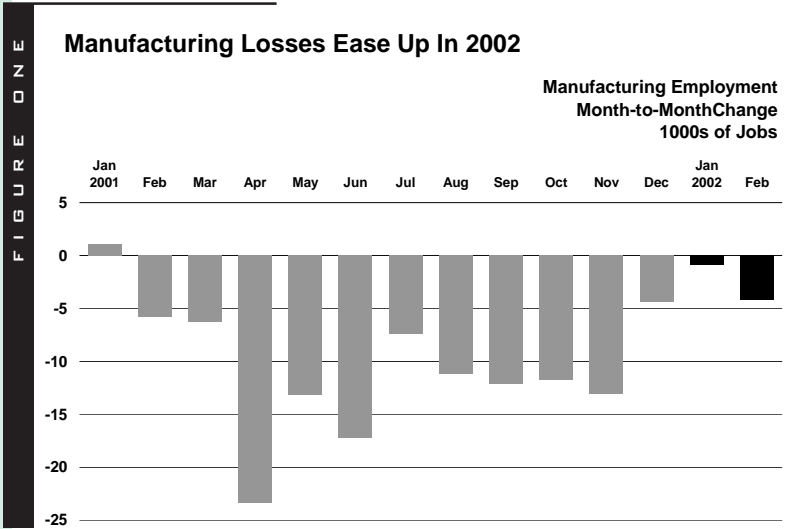
EMPLOYMENT REVISIONS IMPROVE THE EMPLOYMENT PICTURE

Despite a loss of 4,700 jobs in February, California has created 21,000 nonfarm jobs since November 2001. According to revised employment data, the previously reported loss of 51,000 jobs in November was changed to a 44,500 loss and December's 600 job gain was revised up to a 10,900 advance. This was followed by a 14,800 gain in January.

A surge in residential building generated 8,500 new construction jobs, allowing construction to replace the public sector as the leading job-creating industry in February. Strong consumer spending, which has been a bulwark of the national economy, led to the third consecutive month of expanding retail trade employment. Together, wholesale and retail trade employment added 5,900 jobs in February. Government employment nearly tied trade industries by adding 5,800 jobs.

MANUFACTURING LOSSES MODERATE

Even though manufacturing dropped 4,200 jobs in February, month-over-month losses since November have been very moderate compared to average monthly losses in 2001. Gains in construction-related sectors and a slowing in the decline of electronics manufacturing have somewhat buoyed durable goods manufacturing employment. Led principally by food processing employment, nondurable manufacturing added 1,200 jobs in February—the third consecutive month-over-month gain. California manufacturing continues to fare better than manufacturing in the rest of the nation on average, as nationwide manufacturing job losses totaled 50,000 in February.

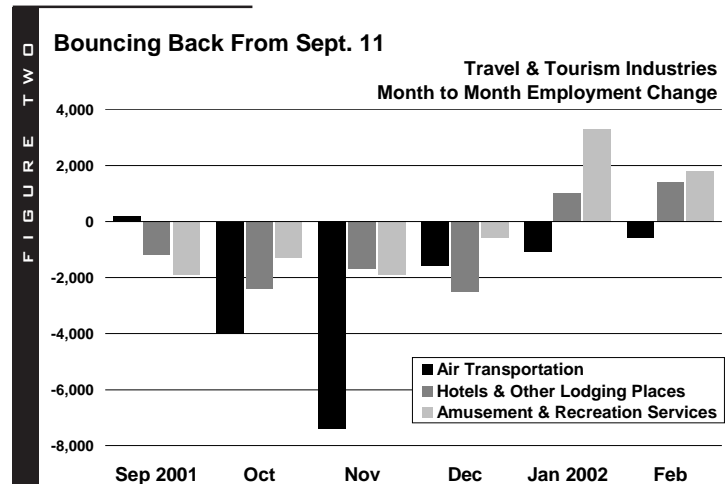


INSIDE

California Foreign Trade	4
Economic Indicator Tables	6
Economic Indicator Charts	10
Chronology	14

The state's service industries continued their seesaw performance by cutting 17,600 jobs in February after adding jobs in both December and January. Business services accounted for most of this volatility. Job losses in this sector, which is dominated by computer programming and personnel supply firms, lightened in December and January before worsening in February with a loss of over 14,000. Significant losses were also suffered in motion pictures and private educational services. The leading job gainer was engineering and management services, which added 4,000 jobs.

The industries most dramatically impacted by the events of September 11—air travel, hospitality, and amusement—appear to be on the road to recovery. After losing jobs from September through December of 2001, lodging and amusement and recreation firms expanded employment in January and February. Amusement and recreation employment has recovered all but 600 jobs lost since August 2001. The air transportation industry was the hardest hit sector, and it had also been losing jobs for several months leading up to September. The rate of job loss, though, has slowed dramatically since November 2001.

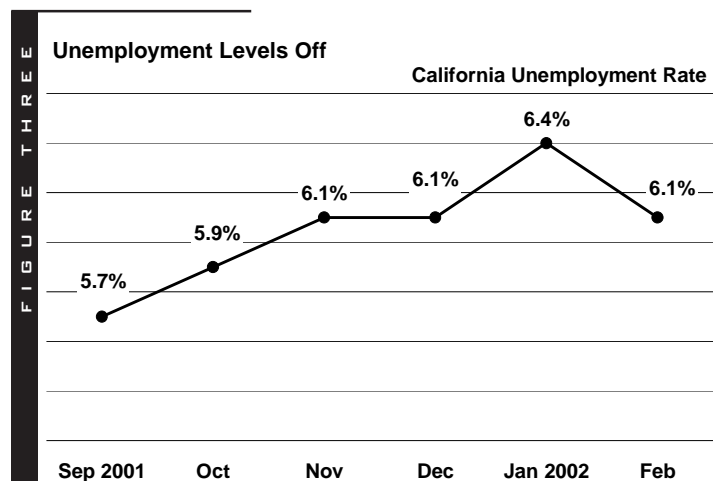


UNEMPLOYMENT RATE LEVELS OFF?

Looking at year-over-year performance, total nonfarm employment in California fell by 51,200. Manufacturing lost 125,000 jobs, principally in high technology electronics. Services lost nearly 25,000 jobs, led by losses in business services and motion pictures. Transportation and public utilities lost over 24,500 jobs.

Government was again the year-over-year job growth leader, adding 82,600 jobs. Wholesale and retail trade followed with 15,500 jobs. The finance sector added 15,300 jobs, nearly all in banking and real estate.

California's unemployment rate dropped three-tenths of a percentage point in February to 6.1 percent. The number of people unemployed dropped by 43,500 while the labor force expanded by only 40,600. The spike in the unemployment rate in January to 6.4 percent may have been attributable to revised unemployment insurance benefit rules that became effective at the beginning of the year. The civilian labor force sprang up by 70,900 in January, while employment expanded by only 24,000. In February those proportions were reversed, with employment gains outstripping labor force gains by more than 2 to 1. California's unemployment rate has averaged 6.1 percent since September 2001. The unemployment rate was 4.7 percent a year ago. The national jobless rate, which peaked at 5.8 percent in December, stood at 5.5 percent in February.



BUILDING ACTIVITY

Construction continued on its own seesaw pattern by slowing in January and then recovering lost ground in February. Residential construction, measured by permitted units, jumped 18 percent from January. Both single and multifamily construction made significant gains. Nonresidential construction, as measured by permit values, expanded by 17.8 percent, with shopping, hotel/motel, and amusement construction leading the way.

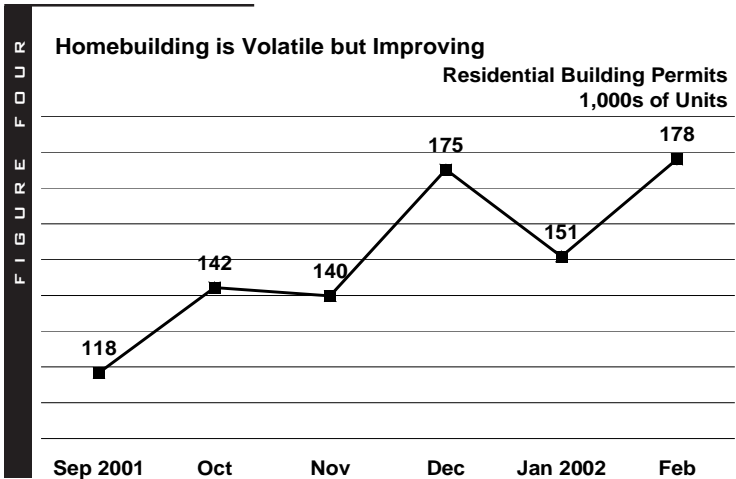
REAL ESTATE

2002 STARTS OFF WITH ROBUST HOME SALES

— . . . —

Home sales, which have also been volatile, grew for the second consecutive month in February, albeit at a much milder rate than in January. Sales of single-family detached homes rose over 23 percent in January on a seasonally adjusted annual rate basis. This was followed by a more tepid 4.5 percent gain in February. On a year-over-year basis, February home sales were 25.5 percent above the year-earlier level. According to the California Association of Realtors, the anticipation of rising mortgage interest rates is sustaining strong demand for homes.

With a shortage of homes on the market, this strong demand is driving up home prices. The median price of single-family homes sold in February—\$289,550—was up an astounding 19.8 percent from February 2001, the greatest year-over-year increase since May 1985. For the first two months of 2002, the median price of single-family homes sold rose 18.4 percent over the same period of 2001 and unit sales were up 20.8 percent.



CALIFORNIA FOREIGN TRADE IN 2001

Foreign trade is a vital component of California's economy. The state is the home to the nation's busiest international ports, and is the nation's leading producer of exported goods.

STRONG GROWTH IN 2000

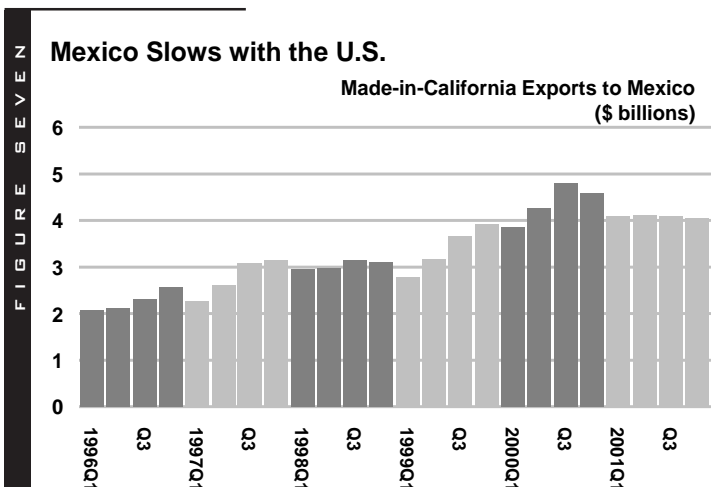
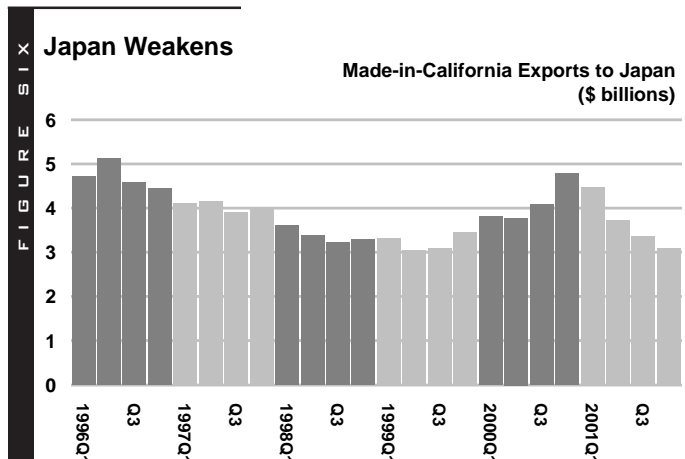
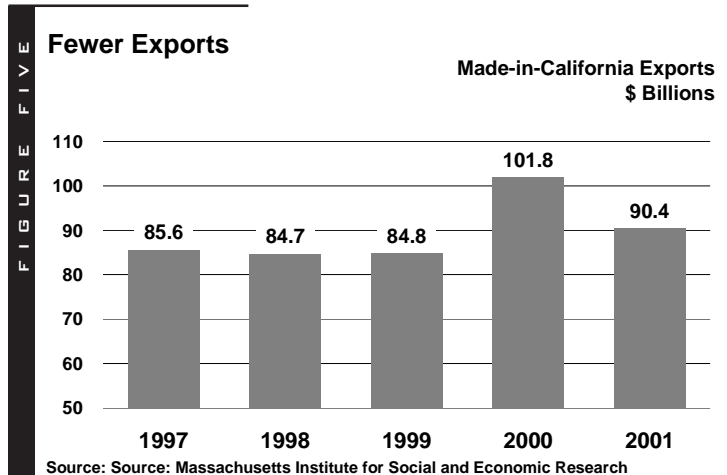
Exports of made-in-California goods slowed in 2001 although the pace was still well above the 1999 rate. This pattern reflected the global economy. The Asian economic crisis depressed state exports in 1998. Exports stabilized in 1999 when East Asian economies, with the exception of Japan, improved dramatically and exports to Canada and Mexico strengthened. In 2000, though, there was nearly across-the-board international economic growth, and California exports grew by more than 20 percent.

GLOBAL RECESSION HITS IN 2001

California-made exports retreated in 2001 as the global economy slipped into recession. Whereas Mexico, Japan, and South Korea led the 2000 gains, these three destinations accounted for nearly half of the 2001 slowdown. Adding Canada and Taiwan to this list accounts for nearly all of the drop in California's exports in 2001.

Exports to all but 5 of California's top 25 trading partners declined during 2001. East Asia-destined exports, which account for nearly a third of all California exports, fell nearly 12 percent. Exports to Mexico and Canada declined almost 11 percent.

High technology trade is California's leading export component. The four high technology industry groups—machinery (including computers), electrical and electronic equipment, transportation equipment, and instruments—typically account for over two thirds of all California exports.



Even more striking is high tech's contribution to recent export fluctuations. High technology exports accounted for nearly 80 percent of California's export growth in 2000, and those bound for the Pacific Rim represented almost half of the total gain. Even though exports of other commodities grew almost 4 percent during 2001, the reduction of high technology exports was great enough to cause a 10.8 percent overall drop.

Exports of California-made goods to Japan—totaling 14 percent of the state's total—grew by more than 20 percent in 2000, but then steadily declined throughout 2001 for a dramatic 11 percent drop for the year as a whole. After two years of positive GDP growth, Japan's economic output fell about 1 percent in 2001 as contracting business investment, declining exports, and worsening deflation aggravated already weak consumer spending. Japan's weakness has resulted in unemployment rates that rose to 4.9 percent by midyear and nearly zero short-term interest rates.

Exports to Mexico, California's leading trading partner for the third year in a row, fell in 2001 as the U.S. economy slowed. The U.S. is the recipient of nearly 90 percent of Mexico's exports and is the source of over 70 percent of its imports. Consequently, Mexico's economic performance closely mirrors that of the U.S. Five years of economic expansion came to an end in Mexico in 2001 when the U.S. economy weakened.

The other NAFTA partner, Canada—the recipient of approximately 11 percent of California-made exports—also saw its growth weaken in response to a softer U.S. economy. Significantly, both fixed business investment and exports contracted in 2001.

After achieving commendable growth in 2000, European economies—the recipients of nearly a quarter of California's exports—decelerated in 2001 due to the worldwide economic slowdown and to the lagging effects of energy and food price inflation. The most marked slowdowns were in Germany and the Netherlands.

SELECT INDICATORS

EMPLOYMENT

EMPLOYMENT (Seasonally adjusted)

	2002		2001			Yr-Over-Yr % Change
	Feb	Jan	Dec	Nov	Feb	
Civilian employment (000)	16,523	16,439	16,415	16,434	16,450	0.4
Unemployment (000)	1,071	1,115	1,068	1,068	817	31.2
Unemployment rate	6.1	6.4	6.1	6.1	4.7	--
Nonagricultural wage and salary employment (000)	14,666.8	14,671.5	14,656.7	14,645.8	14,718.0	-0.3
Mining	24.0	24.0	24.1	24.2	24.0	0.0
Construction	771.0	762.5	761.1	759.7	760.9	1.3
Manufacturing	1,838.5	1,842.7	1,843.6	1,848.0	1,963.8	-6.4
Durable	1,142.7	1,148.1	1,152.8	1,157.5	1,244.4	-8.2
High technology a/	478.7	481.6	486.1	487.0	531.8	-10.0
Computer and office equipment	87.8	88.2	89.0	89.2	96.8	-9.3
Communications equipment	42.2	42.7	42.9	43.0	46.7	-9.6
Electronic components	146.4	147.2	149.4	149.8	174.4	-16.1
Aircraft and parts	67.8	68.4	69.0	69.3	73.0	-7.1
Missiles, spacecraft, and parts	19.3	19.3	19.6	19.7	20.5	-5.9
Search and navigation equipment	47.9	48.0	48.1	48.0	47.9	0.0
Measuring and controlling devices	67.3	67.8	68.1	68.0	72.5	-7.2
Nondurable	695.8	694.6	690.8	690.5	719.4	-3.3
Transportation and public utilities	731.6	732.9	734.9	737.7	756.1	-3.2
Trade	3,349.7	3,343.8	3,336.5	3,338.0	3,334.2	0.5
Wholesale	808.6	806.2	805.2	809.0	813.4	-0.6
Retail	2,541.1	2,537.6	2,531.3	2,529.0	2,520.8	0.8
Finance, insurance, and real estate	848.8	850.6	851.0	850.7	833.5	1.8
Services e/	4,673.2	4,690.8	4,686.6	4,673.6	4,698.1	-0.5
Business services	1,262.7	1,276.8	1,279.8	1,280.7	1,348.5	-6.4
Motion pictures	169.0	173.7	176.5	178.0	192.7	-12.3
Amusement and recreation services	223.5	221.7	218.4	219.0	218.0	2.5
Engineering and management consulting	514.9	510.9	510.3	507.6	502.6	2.4
Government	2,430.0	2,424.2	2,418.9	2,413.9	2,347.4	3.5
Federal	255.9	255.2	254.5	255.6	255.7	0.1
State and local	2,174.1	2,169.0	2,164.4	2,158.3	2,091.7	3.9

HOURS & EARNINGS

HOURS AND EARNINGS IN MANUFACTURING (Not seasonally adjusted)

Average weekly hours	40.5	40.3	41.5	41.0	40.9	-1.0
Average weekly earnings	\$605.07	\$603.29	\$621.26	\$610.49	\$594.69	1.7
Average hourly earnings	\$14.94	\$14.97	\$14.97	\$14.89	\$14.54	2.8

CONSUMER PRICES

CONSUMER PRICE INDEX (1982-84=100) (Not seasonally adjusted)

All Urban Consumers Series						
California Average	184.1	n.a.	181.8	n.a.	179.8	2.4
San Francisco CMSA	191.3	n.a.	190.6	n.a.	187.9	1.8
Los Angeles CMSA	180.1	178.9	177.1	178.1	175.4	2.7
Urban Wage Earners and Clerical Workers Series						
California Average	176.9	n.a.	174.6	n.a.	172.8	2.4
San Francisco CMSA	186.8	n.a.	186.5	n.a.	183.5	1.8
Los Angeles CMSA	172.8	171.5	169.7	170.7	168.3	2.7

CONSTRUCTION

CONSTRUCTION

Private residential housing units authorized (000) b/	178.0	150.9	175.2	139.9	151.9	17.2
Single units	130.6	113.4	113.8	98.5	122.7	6.4
Multiple units	47.5	37.4	61.3	41.4	29.2	62.4
Residential building authorized valuation (millions) c/	\$2,836	\$2,670	\$2,666	\$2,220	\$2,593	9.4
Nonresidential building authorized valuation (millions) c/	\$1,364	\$1,157	\$1,218	\$1,211	\$1,610	-15.3
Nonresidential building authorized valuation (millions) d/	\$1,136	\$1,038	\$1,081	\$1,019	\$1,340	-15.2
Commercial	420	306	289	314	581	-27.7
Industrial	76	89	161	77	102	-25.6
Other	212	209	203	198	143	48.3
Alterations and additions	428	434	428	431	514	-16.6

AUTO SALES

AUTO SALES (Seasonally adjusted)

New auto registrations (number)	n.a.	160,032	139,342	162,450	146,484	--
---------------------------------	------	---------	---------	---------	---------	----

a/ Based on the 1987 SIC codes. These values are not seasonally adjusted.

b/ Seasonally adjusted at annual rate

c/ Seasonally adjusted

d/ Not seasonally adjusted

e/ Only select industry components are shown therefore will not add to total.

n.a. Not available

**SELECT
INDICATORS**
(CONTINUED)

VACANCY RATES
— . . . —

**VACANCY RATES FOR 4TH QUARTER 2001
(Percent)**

		Office		Industrial
	<u>Total</u>	<u>Downtown</u>	<u>Suburban</u>	
Northern and Central California:				
Oakland-East Bay	11.4	10.2	11.7	--
Sacramento	8.1	4.6	9.1	13.2
San Francisco	16.1	14.9	19.0	9.9
San Jose	14.5	10.6	15.6	--
Southern California:				
Los Angeles Metro	12.1	13.7	11.8	10.5
Orange County	14.9	--	14.9	--
San Diego	9.7	8.3	10.0	6.2
Ventura County	11.9	--	11.9	--
National Average	13.1	11.0	14.4	10.1

MEDIAN PRICES
— . . . —

MEDIAN PRICE OF EXISTING SINGLE-FAMILY HOMES

2000				2001			
Jan	\$226,870	Jul	242,100	Jan	\$244,110	Jul	267,280
Feb	227,160	Aug	254,690	Feb	244,870	Aug	277,430
Mar	233,140	Sep	246,530	Mar	262,050	Sep	275,380
Apr	237,060	Oct	251,220	Apr	256,020	Oct	272,320
May	240,470	Nov	250,660	May	253,930	Nov	274,680
Jun	243,100	Dec	248,350	Jun	267,050	Dec	276,940

LEADING INDICATORS/A

		Manufacturing		Unemployment Insurance	New Business	Housing Unit
		Overtime Hours	Average Weekly Hours	Initial Claims	Incorporations	Authorizations (Thousands)
1997	Jan	4.7	41.5	67,377	4,713	90.5
	Feb	4.8	41.8	55,952	4,355	122.6
	Mar	5.1	42.2	58,551	3,579	98.7
	Apr	5.0	42.0	59,557	3,957	102.4
	May	4.9	41.8	59,293	4,479	108.2
	Jun	4.9	41.7	63,334	4,367	108.4
	Jul	4.9	41.7	61,910	4,744	112.3
	Aug	5.1	42.0	63,234	4,206	114.3
	Sep	5.0	42.0	64,061	4,763	121.2
	Oct	5.0	42.0	61,392	4,738	127.9
	Nov	5.0	42.2	58,151	4,421	117.1
	Dec	5.1	42.2	58,804	4,823	108.8
1998	Jan	5.1	42.1	57,555	4,711	105.8
	Feb	5.0	41.9	59,896	4,575	111.7
	Mar	4.9	41.9	58,500	4,613	128.8
	Apr	4.5	41.2	57,552	5,084	116.6
	May	4.7	41.8	58,844	4,502	121.6
	Jun	4.8	41.9	54,072	4,705	142.9
	Jul	4.7	41.9	54,244	4,837	117.5
	Aug	4.6	41.7	52,766	4,378	137.2
	Sep	4.5	41.4	50,869	3,745	125.9
	Oct	4.7	41.8	52,740	4,711	137.2
	Nov	4.6	41.7	54,399	4,728	139.9
	Dec	4.6	41.8	53,932	4,602	126.8
1999	Jan	4.6	42.2	53,407	4,930	140.7
	Feb	4.7	41.9	52,466	5,096	137.6
	Mar	4.7	42.0	52,826	6,033	134.6
	Apr	4.7	42.0	52,809	5,080	140.3
	May	4.8	42.0	50,231	5,292	141.4
	Jun	4.7	41.9	51,380	5,506	145.3
	Jul	4.5	41.7	51,205	5,303	148.3
	Aug	4.6	41.5	51,077	5,864	136.8
	Sep	4.5	41.3	50,513	5,848	133.4
	Oct	4.8	41.6	49,289	5,686	134.5
	Nov	4.8	41.5	51,158	5,987	142.6
	Dec	4.8	41.5	45,004	6,477	142.0
2000	Jan	4.9	41.5	52,060	6,500	154.1
	Feb	4.9	41.3	49,021	6,867	157.7
	Mar	4.8	41.4	47,039	8,319	153.0
	Apr	5.3	42.0	45,280	7,552	137.6
	May	5.0	41.6	47,659	6,699	132.6
	Jun	5.0	41.7	49,108	7,191	179.4
	Jul	5.1	41.7	48,486	7,205	133.5
	Aug	5.0	41.7	47,928	7,190	143.3
	Sep	5.0	42.0	48,084	7,133	141.9
	Oct	5.1	41.8	49,364	7,360	142.4
	Nov	4.8	41.6	47,796	7,561	150.1
	Dec	4.7	41.5	52,366	6,256	165.4
2001	Jan	4.4	41.0	49,371	7,472	185.4
	Feb	4.5	41.2	49,269	6,340	151.9
	Mar	4.5	41.1	52,879	6,466	154.1
	Apr	4.0	40.6	54,543	6,250	161.5
	May	4.3	41.0	55,805	6,956	155.1
	Jun	4.3	40.9	54,571	6,236	132.4
	Jul	4.3	41.1	56,673	6,359	130.8
	Aug	4.4	41.4	57,703	7,522	141.4
	Sep	4.3	41.3	60,803	6,070	118.4
	Oct	4.0	40.7	65,267	7,301	142.2
	Nov	3.9	40.6	55,652	7,545	139.9
	Dec	3.9	40.8	47,270	6,676	175.2
2002	Jan	3.9	40.5	70,848	7,150	150.9
	Feb	4.1	40.9	52,656	6,747	178.0
	Mar	n.a.	n.a.	n.a.	7,199	n.a.

a/ Seasonally adjusted by the California Department of Finance.

n.a. Not available

COINCIDENT INDICATORS/A

EMPLOYMENT, UNEMPLOYMENT

— . . . —

		Nonagricultural Employment (Thousands)	Manufacturing Employment (Thousands)	Unemployment Rate (Percent)	Unemployment Avg. Weeks Claimed (Thousands)
1998	Jan	13,407	1,951	6.1	335
	Feb	13,423	1,954	6.1	363
	Mar	13,445	1,956	6.0	365
	Apr	13,486	1,958	6.0	367
	May	13,539	1,964	6.0	355
	Jun	13,584	1,962	5.9	353
	Jul	13,602	1,955	5.9	352
	Aug	13,662	1,954	5.9	358
	Sep	13,709	1,953	6.0	355
	Oct	13,726	1,944	5.8	337
	Nov	13,770	1,936	5.8	354
	Dec	13,788	1,928	5.8	367
1999	Jan	13,783	1,921	5.6	353
	Feb	13,821	1,920	5.6	367
	Mar	13,841	1,920	5.5	372
	Apr	13,902	1,922	5.4	363
	May	13,930	1,921	5.3	374
	Jun	13,962	1,921	5.2	375
	Jul	14,015	1,925	5.1	352
	Aug	14,041	1,922	5.0	357
	Sep	14,062	1,926	5.0	365
	Oct	14,136	1,930	4.9	349
	Nov	14,174	1,928	4.9	347
	Dec	14,196	1,925	5.0	339
2000	Jan	14,247	1,927	5.0	354
	Feb	14,300	1,929	5.0	345
	Mar	14,343	1,932	5.1	348
	Apr	14,391	1,939	5.0	336
	May	14,461	1,945	5.1	328
	Jun	14,497	1,951	5.1	331
	Jul	14,523	1,951	5.1	337
	Aug	14,557	1,953	5.0	341
	Sep	14,585	1,956	4.9	315
	Oct	14,603	1,958	4.8	339
	Nov	14,631	1,963	4.8	347
	Dec	14,683	1,969	4.7	315
2001	Jan	14,727	1,970	4.7	347
	Feb	14,718	1,964	4.7	353
	Mar	14,720	1,958	4.8	353
	Apr	14,720	1,934	5.0	385
	May	14,710	1,921	5.1	419
	Jun	14,689	1,904	5.2	420
	Jul	14,702	1,896	5.3	457
	Aug	14,722	1,885	5.5	482
	Sep	14,700	1,873	5.7	481
	Oct	14,690	1,861	5.9	551
	Nov	14,646	1,848	6.1	517
	Dec	14,657	1,844	6.1	503
2002	Jan	14,672	1,843	6.4	501
	Feb	14,667	1,839	6.1	533

INCOME, WAGES, TAXABLE SALES

— . . . —

		Personal Income (\$ millions)	Wages & Salaries from Mining, Construction and Manufacturing (\$ millions)	Taxable Sales (\$ millions)
1997	Qtr I	839,517	100,201	82,866
	Qtr II	851,775	102,010	84,167
	Qtr III	868,055	104,133	85,968
	Qtr IV	886,882	105,734	87,444
1998	Qtr I	905,328	107,999	87,246
	Qtr II	922,090	110,973	89,126
	Qtr III	936,414	112,450	90,733
	Qtr IV	962,676	118,293	91,120
1999	Qtr I	958,792	116,556	93,739
	Qtr II	983,196	120,572	97,146
	Qtr III	1,006,295	126,985	99,747
	Qtr IV	1,040,889	132,447	103,096
2000	Qtr I	1,076,665	146,164	107,393
	Qtr II	1,081,713	140,108	109,940
	Qtr III	1,115,129	151,037	111,702
	Qtr IV	1,105,572	141,624	112,045
2001	Qtr I	1,139,123	139,955	111,989
	Qtr II	1,120,314	136,924	111,275
	Qtr III	1,107,434	129,361	106,769
	Qtr IV	1,099,537	128,267	106,298

a/ Seasonally adjusted by the California Department of Finance with the exception of the nonagricultural and manufacturing employment and the unemployment rate which are seasonally adjusted by the California Employment Development Department.

OTHER INDICATORS

DOD Prime Contracts a/						Foreign Trade through California Ports			
	\$ millions	% of U.S.		\$ millions	% of U.S.		\$ millions		\$ millions
1981-82	22,685	21.8	1991-92	23,843	21.2	2000		2001	
1982-83	26,387	22.2	1992-93	22,952	20.1	Jan	27,067	Jan	31,457
1983-84	28,520	23.0	1993-94	22,573	20.5	Feb	27,883	Feb	27,796
1984-85	29,115	20.8	1994-95	18,277	16.8	Mar	31,957	Mar	31,866
1985-86	27,738	20.4	1995-96	18,230	16.7	Apr	31,128	Apr	28,116
1986-87	24,515	18.4	1996-97	18,477	17.3	May	30,898	May	27,833
1987-88	23,458	18.7	1997-98	17,401	15.9	Jun	33,650	Jun	28,995
1988-89	23,125	19.3	1998-99	17,372	15.1	Jul	33,222	Jul	28,097
1989-90	22,312	18.4	1999-00	18,100	14.7	Aug	35,781	Aug	28,565
1990-91	24,265	19.5				Sep	35,250	Sep	27,219
						Oct	37,506	Oct	29,570
						Nov	34,125	Nov	26,499
						Dec	33,615	Dec	25,184

a/ U.S. fiscal year: October through September

TECHNICAL NOTE

S

eries classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are manufacturing employment and taxable sales. These series are discussed in the technical note below.

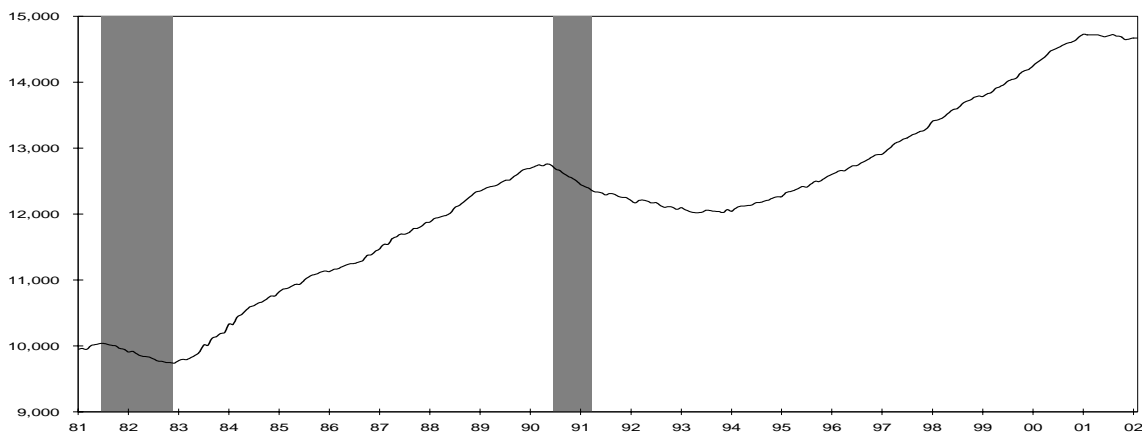
Whenever appropriate, data used in the charts have been seasonally adjusted. The method of seasonal adjustment is the X-11 Arima program. Persons interested in a detailed description of this method are referred to Statistics Canada, *The X-11 Arima Seasonal Adjustment Method* (Catalog No. 12-564E, February 1980).

Under the X-11 Arima method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to “freeze” the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

This series is an addition to the NBER indicator list. It is used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

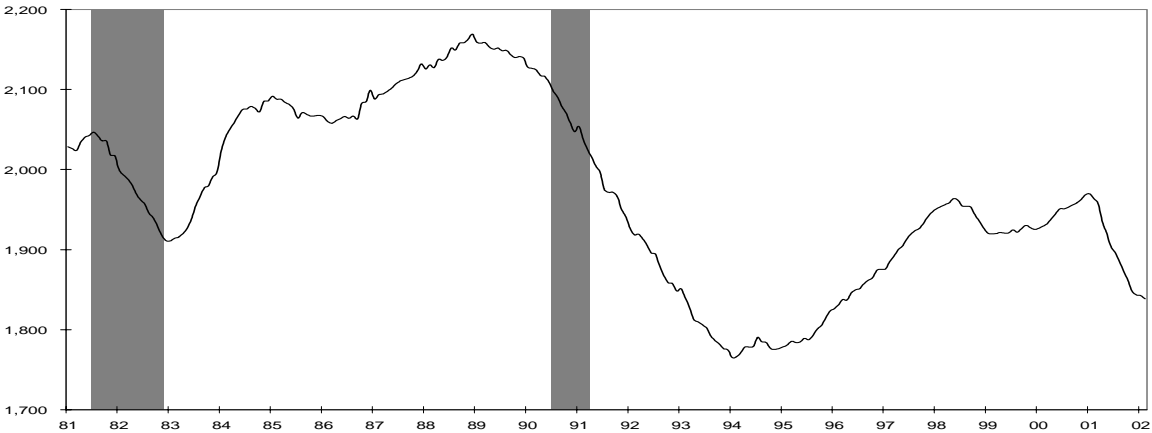
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is, therefore, a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950. The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but are of interest to persons looking at overall economic developments.

NONAGRICULTURAL EMPLOYMENT (THOUSANDS, SEASONALLY ADJUSTED)



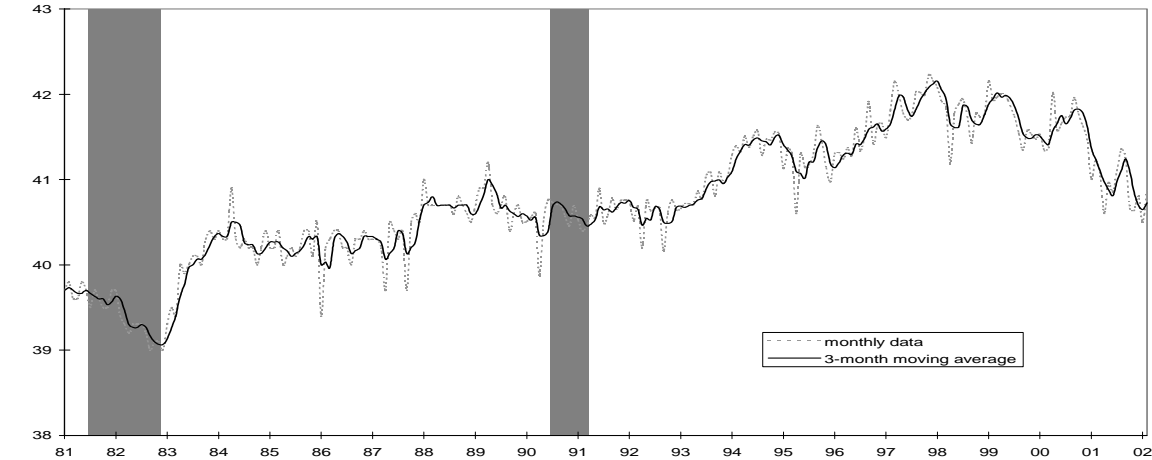
**MANUFACTURING
EMPLOYMENT**
(THOUSANDS,
SEASONALLY ADJUSTED)

— . . . —



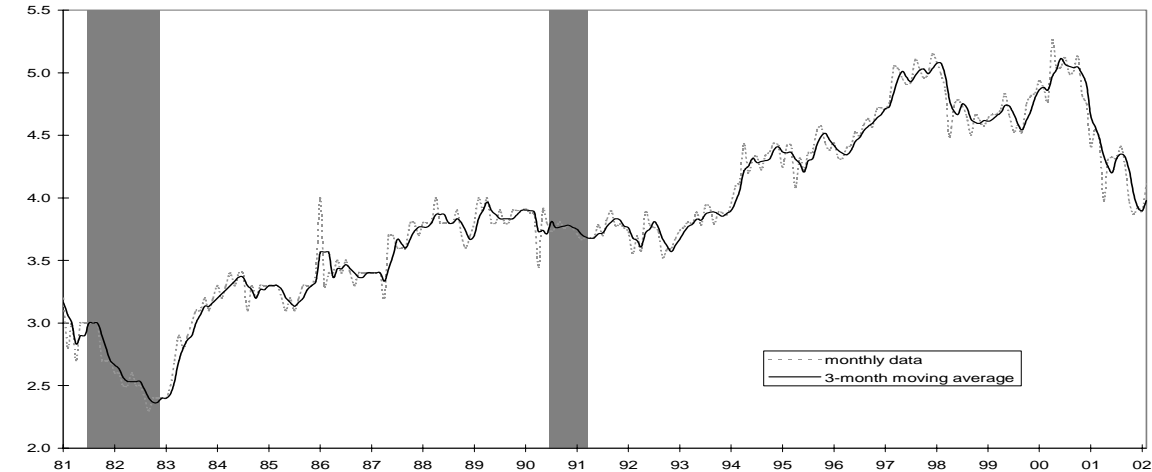
**AVERAGE WEEKLY
HOURS,
MANUFACTURING**
(SEASONALLY ADJUSTED)

— . . . —



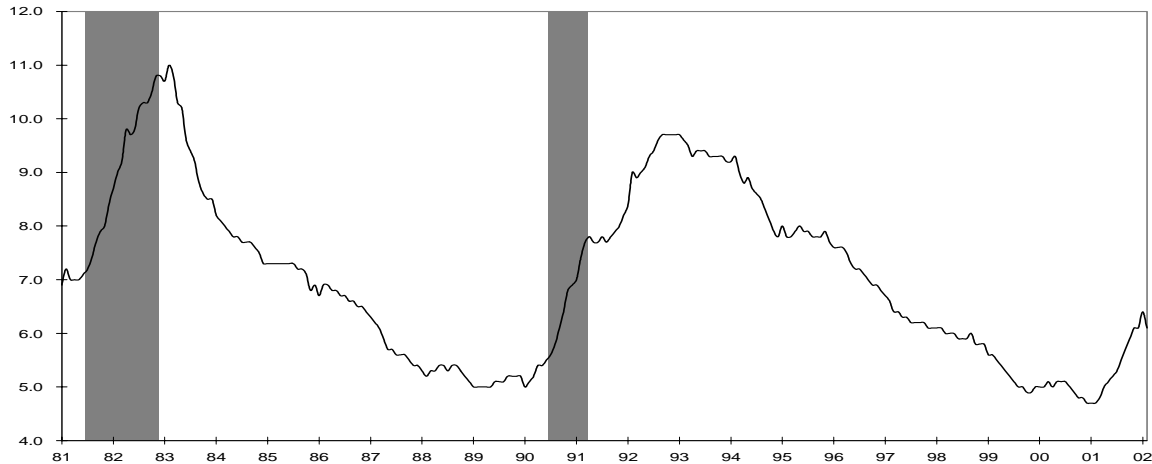
**AVERAGE OVERTIME
HOURS,
MANUFACTURING**
(SEASONALLY ADJUSTED)

— . . . —

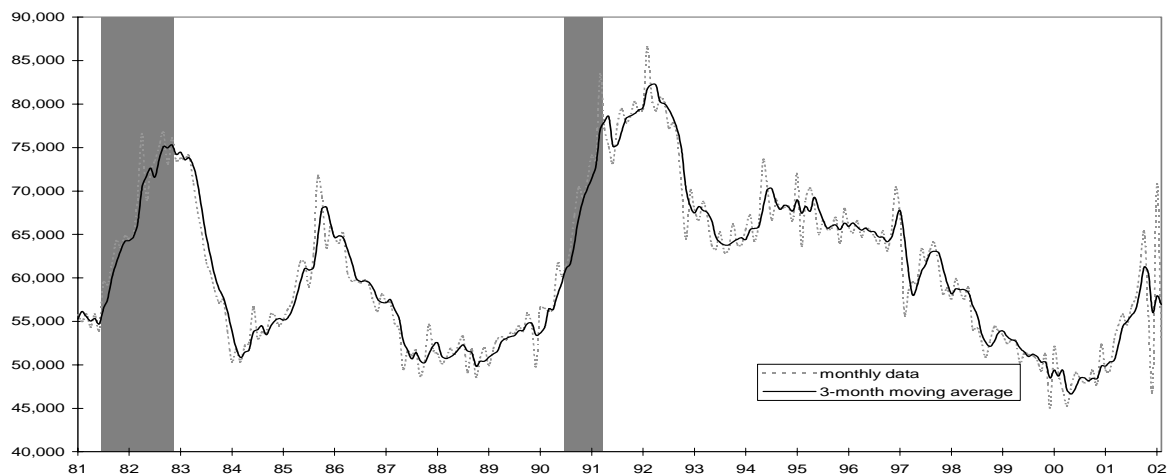


**UNEMPLOYMENT
RATE**
(PERCENT)

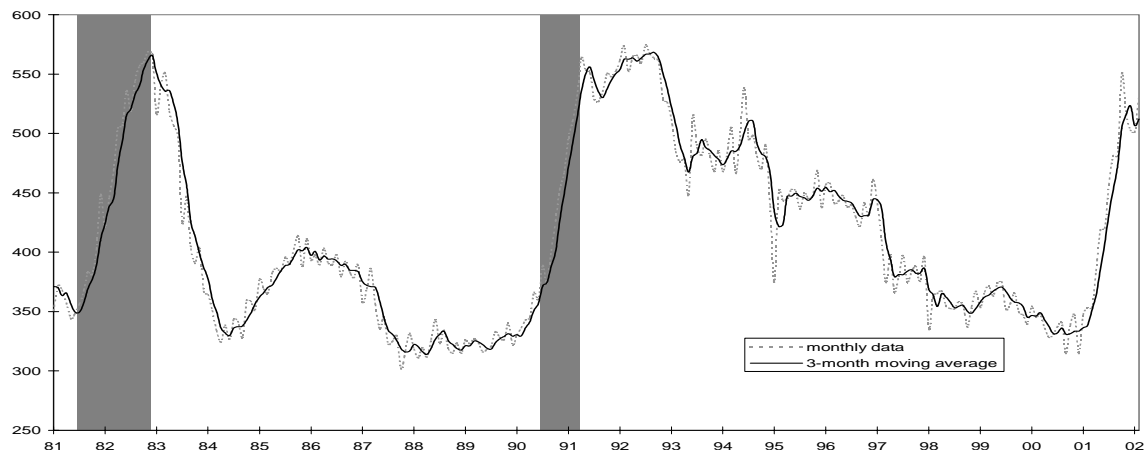
— . . . —



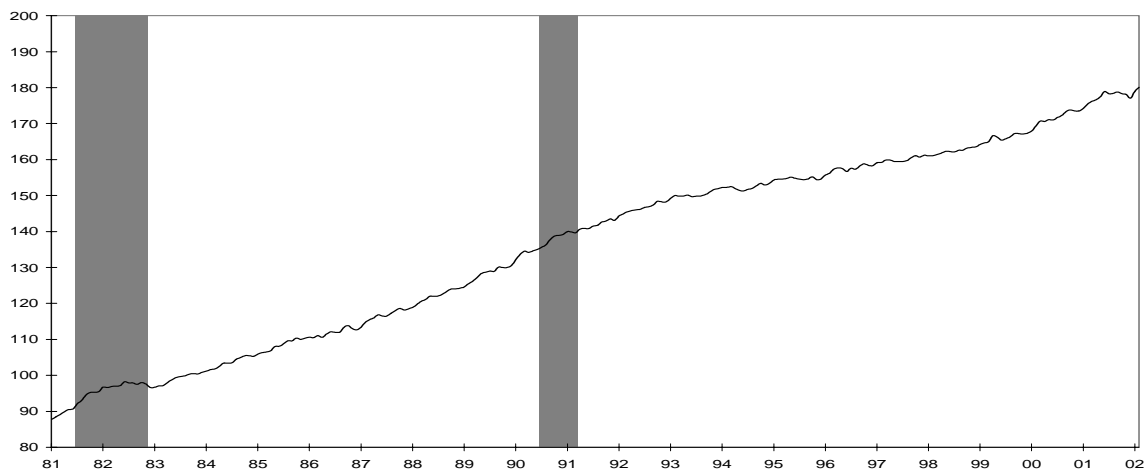
INITIAL & TRANSITIONAL CLAIMS FOR UNEMPLOYMENT INSURANCE (WEEKLY AVERAGE, SEASONALLY ADJUSTED)



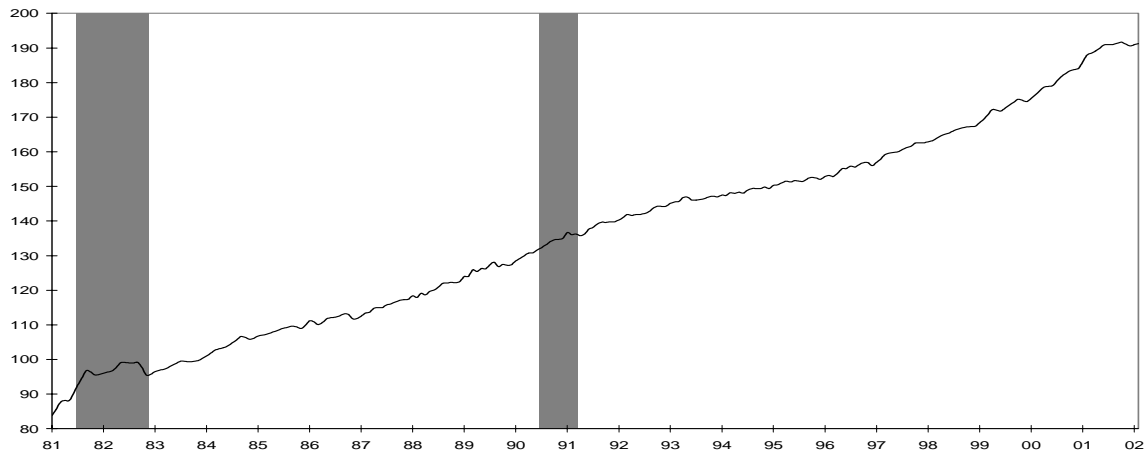
UNEMPLOYMENT, AVERAGE WEEKS CLAIMED (THOUSANDS, SEASONALLY ADJUSTED)



CONSUMER PRICE INDEX, LOS ANGELES (1982-84=100)



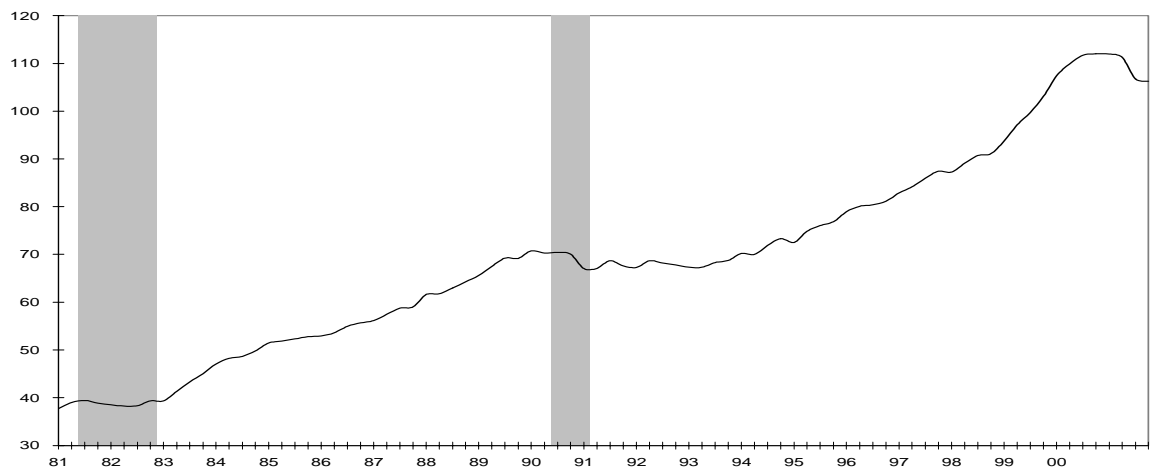
CONSUMER PRICE INDEX, SAN FRANCISCO (1982-84=100)



TAXABLE SALES

(DOLLARS IN BILLIONS,
SEASONALLY ADJUSTED)

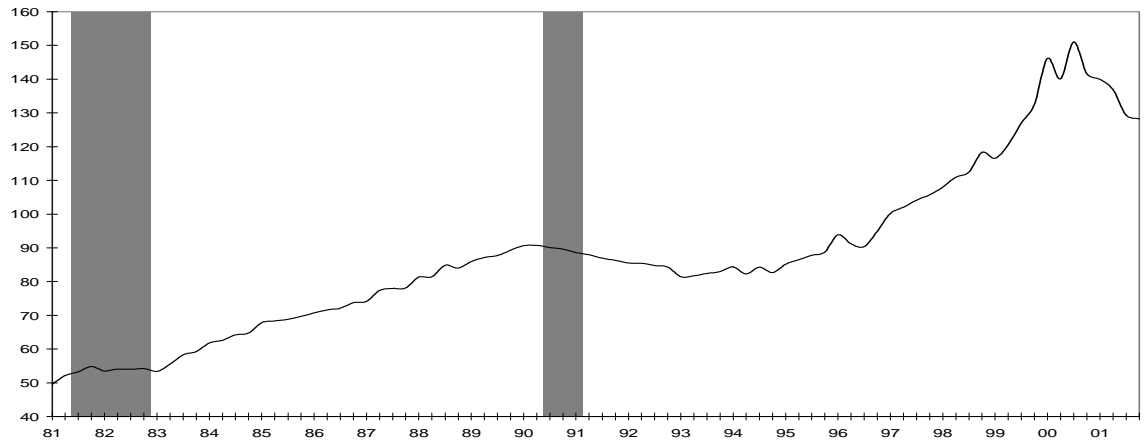
— . . . —



WAGES AND SALARIES IN MINING, CONSTRUCTION AND MANUFACTURING

(DOLLARS IN BILLIONS,
SEASONALLY ADJUSTED)

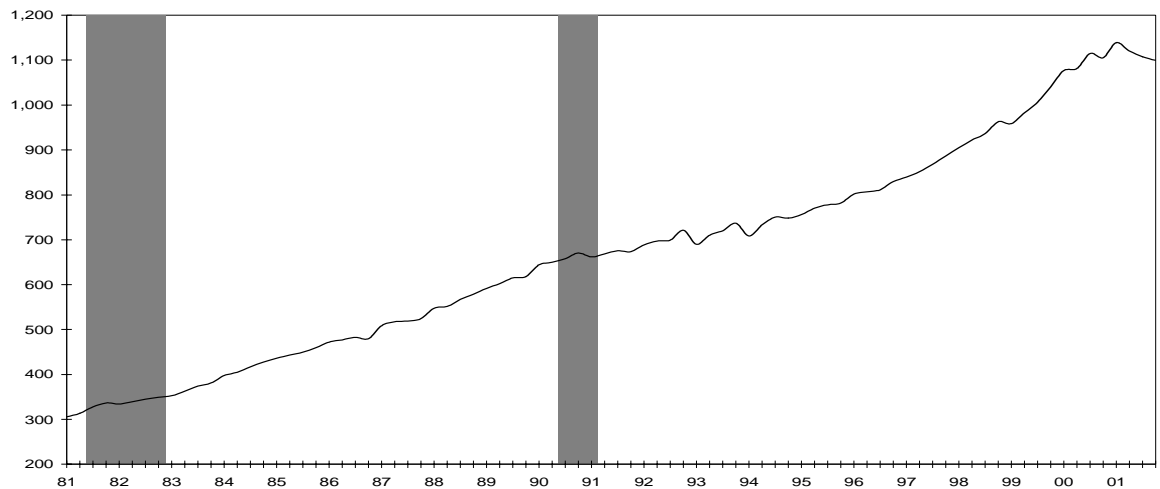
— . . . —



PERSONAL INCOME

(DOLLARS IN BILLIONS,
SEASONALLY ADJUSTED)

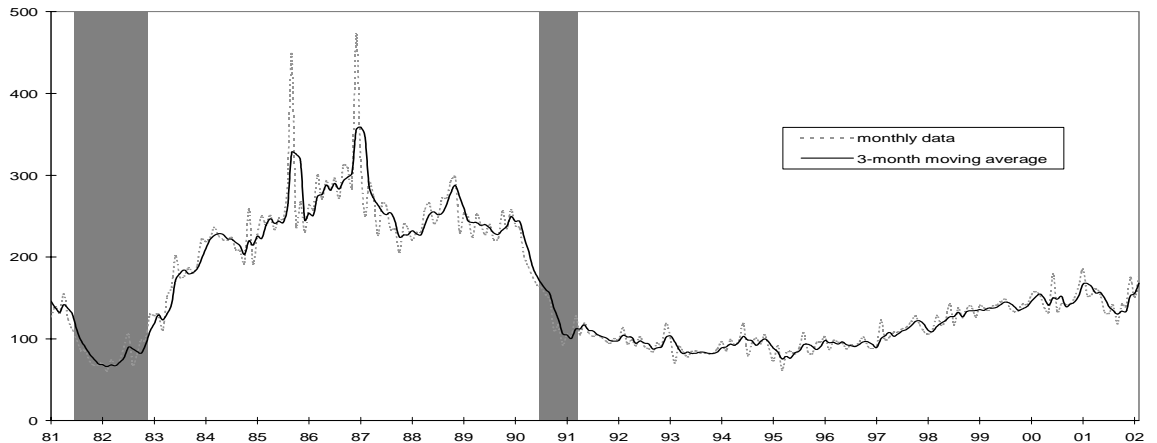
— . . . —



NEW HOUSING UNITS AUTHORIZED BY BUILDING PERMITS

(THOUSANDS, SEASONALLY ADJUSTED AT ANNUAL RATE)

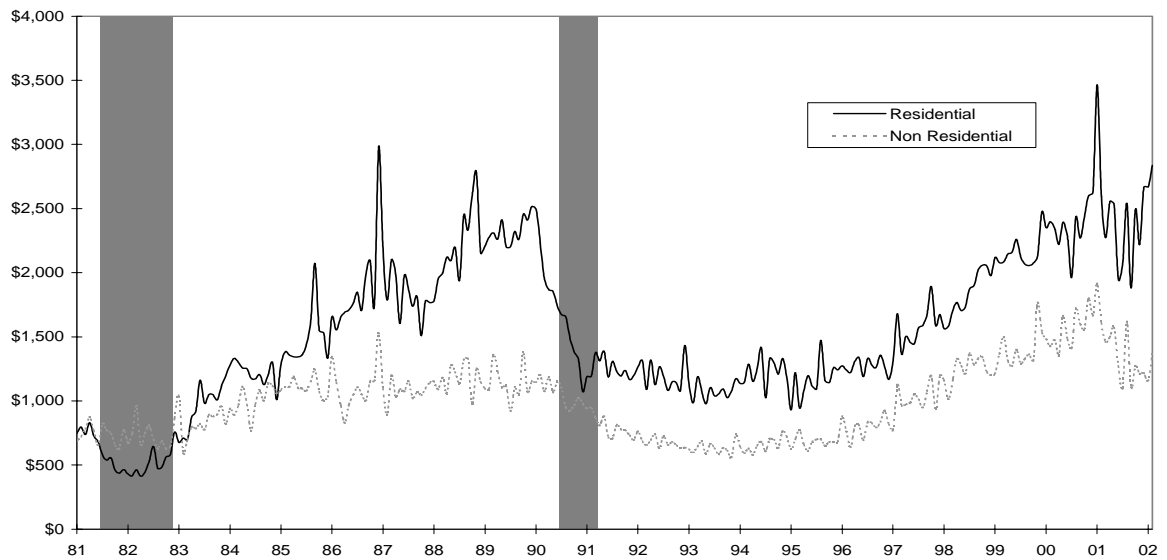
— . . . —



RESIDENTIAL & NONRESIDENTIAL BUILDING PERMIT VALUATION

(DOLLARS IN MILLIONS, SEASONALLY ADJUSTED)

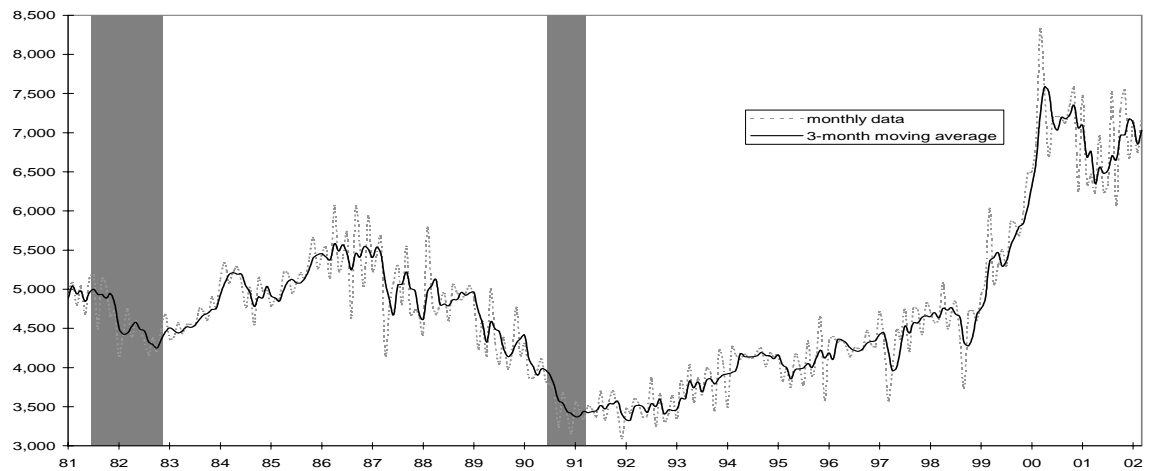
— . . . —



NEW BUSINESS INCORPORATIONS

(SEASONALLY ADJUSTED)

— . . . —



CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national and international events of general interest have also been included. A similar summary of event dating back to 1956 is available at the Department's home page at: <http://www.dof.ca.gov/>

2000

May 16

Federal funds rate raised from 6.0 percent to 6.5 percent.
Discount rate raised from 5.5 percent to 6.0 percent.

June 29

GDP 1st quarter growth rate revised from 5.4 to 5.5 percent.

July 28

GDP 2nd quarter grew at an annual rate of 5.2 percent.

August -

World oil prices are rising because of increasingly tight supplies. U.S. inventories are at their lowest level since 1976 and crude prices have increased significantly contributing to costlier gasoline and heating oil.

September 19

China was granted permanent normal trade relations status with the U.S.

September 28

GDP growth rate for 2nd quarter was revised to 5.6 percent.

October 18

Social Security and Supplemental Security income payments will increase by 3.5 percent in 2001, the biggest in almost a decade.

October 31	OPEC plans to increase oil production by 500,000 barrels per day making it the fourth increase this year.
December 21	GDP for 3 rd quarter grew at an annual rate of 2.2 percent.
2001	
January 1	California's minimum wage raised from \$5.75 to \$6.25.
January 1	The California state rate portion of the total 7.25% sales tax rate was reduced by .25%, to a total tax rate of 7.00%.
January 3	Federal funds rate reduced to 6.0 percent from 6.5 percent. Discount rate reduced to 5.5 percent from 6.0 percent.
January 17	OPEC to cut oil production by 1.5 million barrels a day, or 5.6 percent of current output.
January 31	Federal funds rate reduced from 6.0 percent to 5.5 percent. Discount rate reduced from 5.5 percent to 5.0 percent.
March 19	OPEC to cut oil production by 1 million barrels a day.
March 19-20	California suffered rolling blackouts.
March 20	Federal funds rate reduced from 5.5 percent to 5.0 percent. Discount rate reduced from 5.0 percent to 4.5 percent.
March 27	California regulators approved retail electric rate increase.
March 29	GDP grew at an annual rate of 1 percent in the fourth quarter, the lowest in more than 5 years.
April 6	PG&E utility unit files for bankruptcy.
April 18	Federal funds rate reduced from 5.0 percent to 4.5 percent. Discount rate reduced from 4.5 percent to 4.0 percent.
April 23	A Tosco refinery explosion pushed gasoline prices to near record highs.
April 24	Standard & Poors lowered California's bond rating from AA to A+
April 27	GDP grew at an annual rate of 2 percent in the first quarter.
May 7-8	California hit by rolling blackouts.
May 15	Federal funds rate reduced from 4.5 percent to 4.0 percent. Discount rate reduced from 4.0 percent to 3.5 percent.
June 7	Federal tax cut was signed into law.
June 18	The Federal Energy Regulatory Commission adopted a price "mitigation" plan designed to reduce spikes in wholesale electricity prices in California and other Western states.
June 27	Federal funds rate reduced from 4.00 percent to 3.75 percent. Discount rate reduced from 3.50 percent to 3.25 percent.
June 29	First quarter GDP growth rate revised to 1.2 percent.
August 21	Federal funds rate reduced from 3.75 percent to 3.50 percent. Discount rate reduced from 3.25 percent to 3.00 percent.
August 29	Second quarter GDP grew at a 0.2 percent annual rate. Discount rate reduced from 3.25 percent to 3.00 percent.
August 29	Second quarter GDP grew at a 0.2 percent annual rate.
September 11	Terrorists attack World Trade Center and the Pentagon.
September 11-14	U.S. stock trading halts.

CALIFORNIA
DEPARTMENT
OF FINANCE

915 - L STREET
EIGHTH FLOOR
SACRAMENTO, CA
95814

TO

BEGINNING ISSUE	AMOUNT DUE
JAN/FEB	\$8.00
MAR/APR	6.75
MAY/JUNE	5.40
JULY/AUG	4.05
SEPT/OCT	2.70
NOV/DEC	1.35

MAIL SUBSCRIPTION REQUEST
AND PREPAYMENT
(NO BILLING AVAILABLE) TO:
CA DEPARTMENT OF FINANCE
P.O. Box 989053
WEST SACRAMENTO, CA
95798-9053

YOU CAN OBTAIN THE
CALIFORNIA ECONOMIC
INDICATORS,
AND OTHER
DEPARTMENT OF
FINANCE PUBLICATIONS
ON THE INTERNET AT
WWW.DOF.CA.GOV

**September 17**

Federal funds rate reduced from 3.50 percent to 3.00 percent.
Discount rate reduced from 3.00 percent to 2.50 percent.

October 2

Federal funds rate reduced from 3.00 percent to 2.50 percent.
Discount rate reduced from 2.50 percent to 2.00 percent.

October 26

Lockheed Martin Corporation awarded defense contract.

November 6

Federal funds rate reduced from 2.50 percent to 2.00 percent.
Discount rate reduced from 2.00 percent to 1.50 percent.

November 26

Recession in the US began in March 2001, according to NBER.

December 2

Enron filed for bankruptcy protection.

December 11

Federal funds rate reduced from 2.00 percent to 1.75 percent.
Discount rate reduced from 1.50 percent to 1.25 percent.
China becomes WTO member.

December 21

GDP down 1.3 percent in Q3.

2002**January 1**

Taiwan becomes WTO member.

OPEC to cut oil production by 6.5 percent.

Euro becomes legal tender in 12 European countries.

January 6

Unemployment insurance benefits increased in California.

February 28

GDP up 1.4 percent in Q4.

March 9:

California's "Job Creation and Worker Assistance Act of 2002" was signed into law that provides for temporary extended unemployment compensation.

March 28:

GDP up 1.7 percent in Q4.